

CHECKLIST: SELECTED BASICS TO REMEMBER WHEN REVIEWING AN SF 278

As a Reviewer of a Filer's SF 278, Public Financial Disclosure Report, you are looking to see it contains complete financial information and if the Filer's financial interests may conflict with the Filer's current or future official government duties.

This checklist will help you decide when you must supplement the report with additional required information or data, including comments on the existence of actual or apparent conflicts of interest.

Reviewers may take disclosures at “face value” and correct, except as indicated below. Presume the Filer has read and understood the instructions and has reported accurately and fully, unless the Filer's history demonstrates otherwise.

While Reviewers may rely on certain *Review Assumptions*, Reviewers should seek additional information on a report and annotate the report appropriately when:

- The form is incomplete (for example, when a Filer fails to indicate an asset value);
- The form reveals one entry (or the absence of one) that is inconsistent with another entry on the report or on the Filer's previous report(s);
- The form omits an entry of which the reviewing official has independent knowledge; or
- The reviewing official requires more information to ensure the Filer's compliance with Federal ethics laws and regulations or with other laws and regulations.

Remember, when you “*sign off*” on a report it indicates you determined the Filer has no conflict of interest, or that conflicts of interests are resolved by the means authorized in Joint Ethics Regulation 7-206(b)(7). If you discover a conflict of interest contact your legal advisor for assistance.

Review Assumptions

The Office of Government Ethics (OGE) provides Review Assumptions for Reviewers who discover that a Filer omitted some reportable information. For such missing information, Reviewers may rely on the Review Assumption(s) and not follow-up with the Filer.

In most cases FDM users will have provided the information covered by a Review Assumption because of an FDM Flag. That is another way that FDM assists Reviewers review of FDM-prepared 278 reports. Also see the FDM How To Guide: How to Review an SF 278 Report.

In this document the following applies:

- Checklist items appear without italics.
- *Review Assumptions*, appear in *Italics* to distinguish them from the Review checklist items.

The Basic Rule

The basic rule when reviewing an SF 278 is that an entry should disclose all required information and be sufficiently detailed to allow a full conflict of interest analysis. Anything more than that is unnecessary; anything less is inadequate.

For example, a Filer should not list the series numbers of Government securities or the account number for a bank deposit; merely identifying the asset as a Government security or providing the bank name and type of account allows a full conflict of interest analysis. On the other hand, a Filer must report more than simply "Merrill Lynch Account," because that does not describe the nature of his assets and because conflicts of interest may arise from the underlying holdings in the account.

Schedule A

- Identify assets currently held, and specify the asset value, and the type and amount of income.
- Assets sold during the reporting period that earned more than \$200 in income, including capital gains must also be reported though the asset value could be zero when the report is filed.
- Accrued income, even if tax-deferred, must be fully reported.
- Any "other" type of income, such as a salary, must include an actual amount instead of a category of amount (except that the amount may be left blank for a spouse's earned income).
- Any asset that meets the following three criteria may be listed as an "Excepted Investment Fund (EIF)," and is eligible for reduced disclosure:
 - 1) independently managed,
 - 2) widely held and
 - 3) publicly traded (or available) or widely diversified. EIFs may include mutual funds, unit investment trusts, and many public limited partnerships, for example.
- Investment clubs, brokerage accounts, or private trusts usually are not EIFs.
- For all business entities that are not publicly traded, Filers must list the nature of the business as well as any assets or liabilities that are not incidental to the business.
- Any honoraria entries must include the date of the event.
- Filers who retain interests in a law partnership or similar entity must list an asset value for any capital accounts.
- For IRAs, 401(k) plans, Keogh plans, defined contribution pensions, and other investment vehicles, the underlying assets are listed as individual line-item entries, complete with asset values, types and categories of amount of income.
- Real estate entries must include the address (city and state) of the property.

Review Assumptions – Assets

If assets appear (or disappear) from one report to the next that normally would not require disclosure of transactions on Schedule B, such as money market funds, bank accounts, Treasury securities, or cash IRA's, Reviewers may assume that a new entry (or the lack of an entry) is correct.

Asset Value Changes

If the value of an asset changes from one category on a prior report to the next category, either higher or lower, on a current report without a reported transaction, Reviewers may assume that market value fluctuated.

Income Type Changes

If mutual funds or limited partnerships earn different types of income from one year to the next, Reviewers may assume a non-reportable change in underlying portfolios. This would apply to an “EIF” designation appearing on the prior report but not on the current one. An “EIF” designation could be placed on the current report by verifying with appropriate reference materials. A conflicts analysis may still be needed.

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If an asset's identification as “spouse's,” “dependent child's” or “joint” is inconsistent with its identification on a previous report, Reviewers may assume a non-reportable intra-family transfer.

Reviewers may assume that securities earn the type of income normally associated with them, such as dividends for stocks and interest for bonds and cash accounts. Reviewers may annotate the report accordingly. [FDM users may use the Comment feature.]

Schedule B, part I

- All entries should include a date of transaction. For frequent or periodic purchases or sales of a security, the Filer may enter "periodic" or "monthly" instead of the exact dates. [FDM users choose “multiple” for more than one transaction.]
- Exchanges must indicate two assets -- the asset originally held and the asset for which the Filer exchanged it.

Review Assumptions

Schedule B, Part I

If the purchase price of an asset differs from the value of the asset as listed on Schedule A by one category, either higher or lower, Reviewers may assume that the market value merely fluctuated.

Assets Sold on Schedule B But Not Shown on Schedule A

If an asset is listed as sold on Schedule B and is not listed on Schedule A, Reviewers may assume that it produced no reportable income during the period prior to its sale or capital gains upon its sale. If, however, a large number of assets is sold without any income being reported, the Reviewer should inquire further to ensure understanding of the instructions.

Presume Complete Sales

If an asset is listed as sold on last year's report and does not appear on the current year's report, Reviewers may assume that the entire holding was sold. The assumption holds only when the sale amount is no more than one category of value below the previous asset value.

Schedule B, part II

- In addition to personal gifts, gifts accepted from a non-profit organization under the Government Employee Training Act (5 U.S.C. § 4111) must be listed. Gifts accepted under agency gift acceptance authorities or under GSA travel authority (31 U.S.C. § 1353) need not be reported, because they are accepted by the agency, not the Filer.
- Each listing of a gift of travel should include the dates and itinerary of travel, the nature of the gift (tickets, hotel), and the overall value of the gift.

Schedule C, part I

The reported amount for a liability should be the highest amount during the reporting period except for revolving accounts such as credit cards.

Review Assumptions – Schedule C, Part I

If a liability previously listed at the lowest category of amount (\$10,001-\$15,000) does not appear on the current report, assume that the liability never exceeded \$10,000 during the reporting period.

Schedule C, part II

- Any arrangement with a past or future employer, including pensions, stock options, severance agreements, leaves of absence, or promises of employment, should be listed. Income generated from or any equity held in these sources should be reported on Schedule A.

Schedule D, part I

- All entries must include the address (city and state) and the nature of the outside organization.
- New entrants from outside the Government must list their former employer as well as any other compensated or uncompensated position.
- Filers must report any positions held during the reporting period, not only those held at the end of the period.

Review Assumptions – Schedule D, Part I

If a Filer lists a Board position with a non-profit entity, but reports no income on Schedule A, Reviewers may assume that no income was earned.

Schedule D, part II

- Lawyers and other Filers with clients must list individual clients for whom they personally provided services valued at more than \$5,000.
- Any entry must include the address (city and state) of the source of the income.
- Positions held should also be reported on Schedule D, part I.
- A new entrant's former employer should be included if the \$5,000 threshold is met, even though also reported on Schedule D, part I.

Internal Consistency

- Since many of the reporting requirements for the various schedules overlap perform an internal consistency check. This check ensures that the listings on the various schedules agree.
- Non-Federal pensions must be reported on Schedule A, including asset and income information, and also on Schedule C, part II, including the terms, dates and parties of the agreement (except for a spouse).
- Earned income from outside positions should be listed on Schedule A, and (except for a spouse) the outside position should be on Schedule D, part I (and on Schedule D, part II, for new entrants and nominees if the income for direct personal services was over \$5,000).
- Any positions on Schedule D which are sources of income (other than clients of a business) must also be listed on Schedule A.

Consistency with Previous Filings

The current filing must reconcile with previous filings. Each entry should normally either:

- Continue on the next report,
- Disappear (or appear) because of a reported transaction or
- Disappear because it slipped below a threshold or dissipated.

Source: Adapted from *Public Financial Disclosure: A Reviewer's Reference*, 2nd Ed (Rev 11/04), sections 4.3 (pages 4-5 – 4-7) and 14.8 (pages 14-25 – 14-28), Office of Government Ethics, available at <http://www.oge.gov>.